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Kosovo and U.S. Policy

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Kosovo and U.S. Policy

Summary

In 1998 and 1999, the United States and its NATO allies attempted to put an end to escalating violence between ethnic Albanian guerrillas and Yugoslav/Serb forces in Yugoslavia's Kosovo province. These efforts culminated in a 78-day NATO bombing campaign (Operation Allied Force) against Serbia from March until June 1999, when then-Yugoslav leader Slobodan Milosevic agreed to withdraw his forces from the province. Since then, Kosovo has been governed by a combination of U.N. and local Kosovar governing structures. Until Kosovo's status is resolved, the U.N. Mission in Kosovo (UNMIK), under the terms of U.N. Security Council Resolution 1244, retains ultimate political authority in the province. A NATO-led peacekeeping force, KFOR, is charged with providing a secure environment.

UNSC Resolution 1244 called for Kosovo's final status to be considered at an undetermined time after an autonomous government is in place. Almost all ethnic Albanians want independence for Kosovo; Serbs say it should remain within Serbia. In late 2003, the international community agreed to review Kosovo's progress in meeting international "standards" and consider next steps in determining Kosovo's future status by mid-2005. The sudden outbreak of widespread anti-Serbian riots in March 2004, the worst inter-ethnic violence experienced in Kosovo since 1999, set back progress in many areas and called into question the effectiveness of the existing international approach on Kosovo. In mid-2005, the U.N. launched a comprehensive review of the Kosovo standards. On the basis of the review, the U.N. Security Council endorsed the start of status negotiations for Kosovo. Former Finnish President Martti Ahtisaari is the lead U.N. envoy for the status talks. The talks, delayed briefly after the death of long-time Kosovar leader Ibrahim Rugova, began in February 2006, but very little movement toward a compromise solution has been seen so far.

The United States, as a member of the international contact group that leads international policy on Kosovo, has supported implementation of Resolution 1244, including U.S. participation in KFOR, and the standards before status policy. In 2005, U.S. officials announced a "new stage" in Kosovo policy that aimed to accelerate resolution of the conflict and enhance the Balkan region's integration into Euro-Atlantic institutions. The U.S. Administration has strongly pushed for the status question to be resolved by the end of 2006.

In 1999, Congress neither explicitly approved nor blocked U.S. participation in NATO air strikes against Serbia. In 2000, several Members unsuccessfully attempted to condition the U.S. military deployment in Kosovo on congressional approval and on the implementation of aid pledges made by European countries. Since 1999, Congress has provided funding for reconstruction in Kosovo, but limited U.S. aid to 15% of the total amount pledged by all countries. In the 108th Congress and the first session of the 109th Congress, several resolutions were introduced that dealt with Kosovo's future status. The second session of the 109th Congress may also consider legislation on Kosovo's status. This report will be updated as events warrant.

Contents

Most Recent Developments	1
Introduction	1
War in Kosovo: February 1998-June 1999	2
Post-1999 Developments in Kosovo	4
The Issue of Kosovo's Status	8
International Process on Status	9
Ethnic Albanian Views	11
Serbian Views	11
Status Options	13
International Administration	14
KFOR	16
Institution-Building	18
Rule of Law	19
Economy	20
Returns	20
U.S. Policy	21
Congressional Response	24

List of Figures

Figure 1. Map of Kosovo	26
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Kosovo and U.S. Policy

Most Recent Developments

United Nations-brokered talks on Kosovo's future status began in February 2006 in Vienna, Austria. The initial rounds of the negotiations have dealt with so-called "technical issues" that are meant to prepare the way for tackling the determination of future status. These include protecting cultural and religious sites, financial issues such as deciding Kosovo's share of Serbia's debts, the redrawing of the borders of Kosovo's municipalities, and the decentralization of Kosovo's government. U.N. mediator Martti Ahtisaari and his deputies have refrained from making specific proposals, instead permitting the Serbian and Kosovar delegations to put forth and discuss their own views.

On July 24, 2006, Kosovo President Fatmir Sejdiu and Prime Minister Agim Ceku met in Vienna with their Serbian counterparts Boris Tadic and Vojislav Kostunica to discuss the status issue, in the first direct, high-level meeting between the two sides. The talks have produced little progress toward compromise solutions so far; Ahtisaari called the two sides "as far apart as possible." Nevertheless, international officials, especially in the United States, have called for the status negotiations to conclude in 2006.

Introduction

In 1998 and 1999, the United States and its NATO allies attempted to put an end to escalating violence between ethnic Albanian guerrillas and Yugoslav forces in the Federal Republic of Yugoslavia's Kosovo region. They were outraged by Serb security forces' atrocities against ethnic Albanian civilians, and feared that the conflict could drag in other countries and destabilize the region. These efforts culminated in a 78-day NATO bombing campaign against Serbia from March to June 1999. Yugoslav leader Slobodan Milosevic agreed to withdraw his forces from the province in June 1999, clearing the way for the deployment of U.S. and other NATO peacekeepers. While NATO's action ended Milosevic's depredations in Kosovo, it left U.S. and other Western policymakers with many difficult issues to deal with. These included creating the conditions for the resumption of a normal life in Kosovo, such as setting up autonomous governing structures and beginning reconstruction of the province, as well as eventually dealing with the thorny issue of Kosovo's final status. Additional challenges emerged after the deployment of international forces, including the rise of ethnic Albanian guerrilla movements in southern Serbia and Macedonia, which threatened to destabilize the region before they were dismantled in 2001.

U.S. engagement in Kosovo has at times been controversial. Proponents of U.S. engagement say that instability in Kosovo could have a negative impact on the stability of the Balkans and therefore of Europe as a whole, which they view as a vital interest of the United States. They believe instability in the region could produce an environment favorable to organized crime and terrorism. In addition, they claim that such instability could deal a damaging blow to the credibility and future viability of NATO and Euro-Atlantic cooperation. They say the involvement of the United States is critical to ensuring this stability, because of its resources and unrivaled political credibility.

Critics, including some in Congress, say that the situation in Kosovo does not have as large an impact on vital U.S. interests as other issues, particularly the war on terrorism in the wake of the September 11 terrorist attacks on the United States and the war in Iraq. Reflecting international focus on the global anti-terrorism campaign and other priorities, there appears to be a strong interest in “finishing the job,” including an “exit strategy” for the international civil and military administration of Kosovo, perhaps within the next year, as part of the determination of Kosovo’s future status. However, a residual international civilian and military role, perhaps with a smaller U.S. presence, is likely to stay on for some time after status is determined.

War in Kosovo: February 1998-June 1999

Although the war in Kosovo had deep historical roots, its immediate causes can be found in the decision of Milosevic regime in Serbia to eliminate the autonomy of its Kosovo province in 1989. The regime committed widespread human rights abuses in the following decade, at first meeting only non-violent resistance from the province’s ethnic Albanian majority. However, in 1998 ethnic Albanian guerrillas calling themselves the Kosovo Liberation Army (KLA) began attacks on Serbian police and Yugoslav army troops. The Milosevic regime responded with increasingly violent and indiscriminate repression. From February 1998 until March 1999, conflict between the KLA and Serb forces (as well as armed Serb attacks on ethnic Albanian civilians) drove more than 400,000 people from their homes and killed more than 2,500 people.

Kosovo At a Glance

Area: 10,849 sq. km., or slightly smaller than Connecticut

Population: 1.956 million (1991 Yugoslav census)

Ethnic Composition: 82.2% Albanian; 9.9% Serbian. Smaller groups include Muslims, Roma, Montenegrins, Turks and others. (1991 Yugoslav census)

The United States and other Western countries used sanctions and other forms of pressure to try to persuade Milosevic to cease repression and restore autonomy to Kosovo, without success. The increasing deterioration of the situation on the ground led the international Contact Group (United States, Britain, France, Germany, Italy and Russia) to agree on January 29, 1999 on a draft peace plan for Kosovo. They invited the two sides to Rambouillet, near Paris, to start peace talks based on the plan on February 6. As an inducement to the parties to comply, on January 30 the North Atlantic Council agreed to authorize NATO Secretary-General Javier Solana to launch NATO air strikes against targets in Serbia, after consulting with NATO members, if the Serb side rejected the peace plan. NATO said it was also studying efforts to curb the flow of arms to the rebels. The draft peace plan called for three-year interim settlement that would provide greater autonomy for Kosovo within Yugoslavia, and the deployment of a NATO-led international military force to help implement the agreement. On March 18, 1999, the ethnic Albanian delegation to the peace talks signed the plan, but the Yugoslav delegation rejected it.

NATO began air strikes on the Federal Republic of Yugoslavia on March 24, 1999. Yugoslav forces moved rapidly to expel most of Kosovo's ethnic Albanians from their homes, many of which were looted and burned. A December 1999 State Department report estimated the total number of refugees and displaced persons at over 1.5 million, over 90% of Kosovo's ethnic Albanian population. The report said that Yugoslav forces killed about 10,000 ethnic Albanians, and abused, tortured and raped others.¹ After 78 days of increasingly intense air strikes that inflicted damage on Yugoslavia's infrastructure and its armed forces, President Milosevic agreed on June 3 to a peace plan based on NATO demands and a proposal from the Group of Eight countries (the United States, Britain, France, Germany, Italy, Canada, Russia and Japan). It called for the withdrawal of all Yugoslav forces from Kosovo; the deployment of an international peacekeeping force with NATO at its core; and international administration of Kosovo until elected interim institutions are set up, under which Kosovo will enjoy wide-ranging autonomy within Yugoslavia. Negotiations would be eventually opened on Kosovo's final status.

On June 9, 1999, NATO and Yugoslav military officers concluded a Military Technical Agreement governing the withdrawal of all Yugoslav forces from Kosovo. On June 10, the U.N. Security Council approved UNSC Resolution 1244, based on the international peace plan agreed to by Milosevic. KFOR began to enter Kosovo on June 11. The Yugoslav pullout was completed on schedule on June 20. On June 20, the KLA and NATO signed a document on the demilitarization of the KLA. (For historical background to the conflict in Kosovo, see CRS Report RS20213, *Kosovo: Historical Background to the Current Conflict*, by Steven Woehrel. For chronologies of the conflict in Kosovo, see CRS Report 98-752, *Kosovo Conflict Chronology: January-August 1998*, by Valerie Makino and Julie Kim; CRS Report RL30127, *Kosovo Conflict Chronology: September 1998-March 1999*, by Julie Kim.)

Within weeks of the pullout of Yugoslav forces from Kosovo and the deployment of NATO-led peacekeeping force KFOR, the overwhelming majority of ethnic Albanian refugees returned to their homes. At the same time, more than

¹ *Ethnic Cleansing in Kosovo: An Accounting*, U.S. Department of State, December 1999.

200,000 ethnic Serbs and other minorities living in Kosovo left the province, according to the U.N. High Commissioner for Refugees. International officials estimate the number of Serbs living in Kosovo at about 100,000. Many of the Serbs remaining in the province live in northern Kosovo, many in or near the divided town of Mitrovica. The rest are scattered in isolated enclaves in other parts of the province, protected by KFOR troops. A key reason for the departures is violence and intimidation by ethnic Albanians, although some departures have been voluntary. Kosovo Serbs say that since the pullout of Yugoslav forces, more than 1,100 were killed and over 1,000 are missing. Hundreds of houses of Serb refugees have been looted and burned.

Post-1999 Developments in Kosovo

Since June 1999, Kosovo has been primarily administered by the U.N. Mission in Kosovo (UNMIK). According to U.N. Security Council Resolution 1244, UNMIK was tasked with gradually transferring its administrative responsibilities to elected, interim autonomous government institutions, while retaining an oversight role. In a final stage, UNMIK was to oversee the transfer of authority from the interim autonomous institutions to permanent ones, after Kosovo's final status is determined.

Kosovo took the first steps in establishing its own elected institutions on October 28, 2000, when OSCE-supervised municipal elections were held. Most of the parties running in the election differed little from each other on ideological grounds, and are based more on personal loyalties and clan and regional affiliations. The biggest of several parties to be formed from the ex-KLA is the Democratic Party of Kosovo (PDK), headed by Thaci. Another significant, although smaller, ex-KLA group is the Alliance for the Future of Kosovo (AAK), led by Ramush Haradinaj. A third key political force in the province is Democratic League of Kosova (LDK), formerly headed by Ibrahim Rugova.

The LDK was by far the largest ethnic Albanian party before the war, but it began to lose ground after what some ethnic Albanians viewed as a passive stance during the war. However, the behavior of some ex-KLA leaders since the war, including organized crime activity and violence against ethnic Albanian political opponents, resulted in an improvement in the "more civilized" LDK's standing. The LDK won 58% of the vote province-wide, the PDK 27.3%, the AAK, 7.7%. Kosovo Serbs boycotted this vote in 2000, charging that UNMIK and KFOR have been ineffective in protecting them from ethnic Albanian violence.

After consultation with local leaders, UNMIK issued a Constitutional Framework for Provisional Self-Government in Kosovo in May 2001. The Constitutional Framework called for the establishment of a 120-seat legislature, which elects a President and a Prime Minister. Twenty seats were reserved for ethnic minorities, including ten for Serbs, but Serbs were not granted veto power on laws passed by the ethnic Albanian majority in the body. UNMIK retained oversight or control of policy in many areas, including law enforcement, the judiciary, protecting the rights of communities, monetary and budget policy, customs, state property and enterprises, and external relations. UNMIK can invalidate legislation passed by the

parliament if it is in conflict with U.N. Security Council Resolution 1244. KFOR remained in charge of Kosovo's security. The Constitutional Framework did not address the question of Kosovo's final status.

Leaders of ethnic Albanian parties voiced disappointment that the document did not allow for a referendum to decide Kosovo's final status. They also said that the Constitutional Framework gives Kosovars the illusion of self-rule rather than the reality, since it reserves many key powers for UNMIK. Kosovo Serb leaders condemned the Constitutional Framework, saying it paved the way for Kosovo's independence and did not contain a mechanism to prevent the ethnic Albanian-dominated legislature from abusing the rights of Serbs.²

On November 17, 2001, voters in Kosovo and displaced persons residing outside of the province went to the polls to select the Assembly. The moderate Democratic League of Kosovo (LDK in Albanian) won 47 seats. The nationalist Democratic Party of Kosovo (PDK), the largest party formed from the former Kosovo Liberation Army, won 26 seats. Return, a coalition of Serbian parties, won 22 seats. The Alliance for the Future of Kosovo (AAK), an ex-KLA party that has tried to position itself as a pragmatic force, won eight seats. Four small ethnic Albanian parties won one seat each. The remaining 13 seats were won by parties representing the Bosniak, Turkish and Roma communities. In contrast to their boycott of the 2000 local elections, Kosovo Serbs turned out in substantial numbers to vote in the November 2001 legislative elections. Turnout in Serb-majority areas was about 47%, according to the OSCE, while turnout in Serbia and Montenegro was about 57%. (This compared with a turnout of about 67% in Albanian-majority areas.)

After months of political wrangling, the Assembly chose a President and a government in March 2002. LDK leader Ibrahim Rugova was elected as President. Kosovo's Prime Minister is Bajram Rexhepi of the PDK. The government consisted of members of the LDK, PDK and AAK. One cabinet post was reserved for a Kosovo Serb representative and another for a member of a non-Serb minority group. The Kosovo Serbs initially refused to join the government, saying they wanted greater representation, but finally agreed to do so in May 2002, after UNMIK agreed to appoint a Kosovo Serb as an advisor on refugee returns.

Kosovo held its second local elections on October 26, 2002. Turnout for the vote was 54%, lower than in the previous two elections. Observers attribute the low turnout to disillusionment with the performance of the government and political parties in Kosovo. The LDK confirmed its status as the leading party in Kosovo, but lost ground compared to previous elections. The LDK won 45% of the vote, the PDK 29%, and the AAK 8.55%. Serb turnout was particularly low, at about 20%. Almost no Serbs voted in the troubled northern town of Mitrovica, where local authorities intimidated potential voters. Among those Serbs who did vote in the elections, the moderate Povratak (Return) coalition did poorly, while hard-line parties

² The text of the constitutional framework can be found at [<http://www.unmikonline.org/constframework.htm>].

did well. These results may have reflected continuing Serb dissatisfaction with their situation in Kosovo, and with the failure of Serb moderates to improve it.

In March 2004, accusations that local Serbs were responsible for the drowning death of two ethnic Albanian boys near the divided city of Mitrovica erupted into violent demonstrations and attacks on several ethnic Serb enclaves throughout the province. Large crowds of ethnic Albanians came out in droves and set fire to Serb homes, churches and property in several cities. U.N. and NATO personnel evacuated some ethnic Serbs to protected enclaves but could not hold back the crowds or counter the destruction. The two days of violence on March 17-18, 2004, constituted the worst flare-up of inter-ethnic violence since the end of the 1999 Kosovo war. According to UNMIK, the two-day period resulted in the death of 19 civilians, injuries to more than 900 persons, including international peacekeepers, and the displacement of over 4,000 persons, mainly Serbs, from their homes. In addition, about 30 churches and monasteries, 800 houses, and 150 vehicles were destroyed or seriously damaged. U.N. and other international officials said that the attacks came about in part spontaneously, and in part as a result of an orchestrated campaign by extremist forces. Some referred to the attacks as "ethnic cleansing." The U.N. estimates that tens of thousands of persons participated in dozens of violent incidents in the two-day period.

Kosovo held parliamentary elections on October 24, 2004. The results were largely in line with previous votes. The LDK won 45.4% of the vote, and 47 seats in the 120 seat legislature. The PDK won 28.9% and 30 seats. The AAK won 8.4% of the vote and nine seats. A new ethnic Albanian party, ORA, led by publisher Veton Surroi, won seven seats, while four other ethnic Albanian parties split five seats. Turnout for the election was 53.57%. Very few Kosovo Serbs voted in the elections, responding to a call by Serbian Prime Minister Vojislav Kostunica to boycott the election in the wake of the March violence. Two Serbian groups which did participate in the elections received the ten seats reserved for the Serbian community in the legislature, but it is questionable whether they genuinely represent Serbian sentiment in Kosovo. Ten other seats were set aside for other ethnic communities in Kosovo.

On December 2, 2004, AAK leader Ramush Haradinaj was elected Prime Minister of Kosovo by the new Kosovo parliament. He led a new government composed of a coalition between the AAK and LDK. The PDK, a key part of the previous government, is now in opposition. Haradinaj's nomination was controversial, due to concerns of EU and other international officials that he could be indicted by the International Criminal Tribunal for the Former Yugoslavia for war crimes allegedly committed when he was a rebel leader.

On March 8, 2005, Prime Minister Haradinaj resigned, after The Hague tribunal notified him and two of his associates that they had been indicted for crimes against humanity and war crimes allegedly committed during the 1998-1999 conflict with Serbian forces. Haradinaj and his co-indictees flew to The Hague to submit to detention. Haradinaj was succeeded as Prime Minister by a political ally, Bajram Kosumi. Haradinaj had won high marks from international officials for his energetic efforts to implement the standards. In June 2005, Haradinaj was provisionally released by the Tribunal in return for his pledge to return to The Hague for his trial.

In October 2005, U.N. envoy Kai Eide produced a report on the situation in Kosovo that provided a relatively accurate and balanced assessment of the situation in Kosovo, according to both Serbian and ethnic Albanian leaders. The report praised Kosovo's achievements in setting up political and economic institutions and developing a legislative framework, but noted that government appointments are often made on the basis of political or clan loyalties rather than competence. The economic situation was described as "bleak," with high unemployment and widespread poverty. Other experts say that unemployment in Kosovo is about 60% and about 40% of the people live in poverty.³ Eide cautioned that although uncertainty over status is one factor hindering Kosovo's economic recovery, it is far from the only factor. Eide noted that the privatization process is underway, and could help to revive Kosovo's economy, but warned that the process could negatively affect the viability of minority communities, if discrimination is permitted to develop.

Eide reported that the rule of law has been hurt by the "lack of ability and readiness to enforce legislation at all levels." He said the Kosovo Police Service, although improving, had difficulty dealing with serious crimes (including organized crime and corruption) or ones with an ethnic aspect. He called the judicial system "the weakest of Kosovo's institutions." In addition to inefficiency, the system was hampered by family or clan solidarity, and intimidation of witnesses, law enforcement, and judicial officials.

The Eide report was perhaps most downbeat in assessing the prospects for a multi-ethnic society, calling them "grim." The report noted that the amount of reported inter-ethnic crime was "low," although this was in part due to the fact that almost all Serbs live in areas that have a Serb majority and they tend to avoid contact with non-Serbs. Unreported "low-level" interethnic violence and incidents has continued to hamper freedom of movement and contribute to a climate of insecurity among minorities. The report noted that property rights of minority communities are not respected. Illegal occupation of minority property is "widespread." The return of displaced Serbs and other minorities has "virtually come to a halt." Indeed, Eide said the number of Serbs leaving Kosovo may exceed the number returning. Eide noted that, while decentralization was offered to the Serbs in 2002, very little was done until summer 2005, and those Kosovo government efforts were "too little, too late."

On January 21, 2006, Kosovo President Ibrahim Rugova died after a long bout with cancer. In February 2006, Fatmir Sejdiu, from Rugova's LDK party, was elected as President by the Kosovo parliament. In March 2006, Kosovo Prime Minister Bajram Kosumi stepped down after criticism of his performance, even within his own party. He was replaced by Agim Ceku, who was formerly head of the KLA and head of the Kosovo Protection Corps. The new government pledged to implement standards set by the international community for Kosovo, in preparation for the determination of Kosovo's status after ongoing U.N.-mediated talks are concluded.

³ "Independence No Quick Fix for Weak Kosovo Economy," Reuters news agency, October 24, 2005.

The Issue of Kosovo's Status⁴

U.N. Resolution 1244 reaffirmed the sovereignty and territorial integrity of the Federal Republic of Yugoslavia (FRY) and did not prescribe or prejudge a permanent political resolution to the issue of Kosovo's status. It said that Kosovo's status should be determined by an unspecified "political process." Ethnic Albanians in Kosovo strongly favor independence of the province from the FRY and its international recognition as a sovereign state as soon as possible. In the years after 1999, the United States and other Western countries, as well as Kosovo's neighbors except Albania, opposed independence for Kosovo. They expressed concern that an independent Kosovo could destabilize the region by encouraging separatist ethnic Albanian forces in Macedonia, as well as Serbia's Presevo Valley, where many ethnic Albanians live.

Instead of status, international policy on Kosovo centered around "standards," a series of benchmarks of international expectations for Kosovo's institutions and society outlined by former UNMIK Chief Steiner in 2002. This policy was dubbed "standards before status." Kosovar Albanians initially expressed irritation with the benchmarks concept, in particular the idea that their fulfillment should be a precondition to addressing the status question. They believed this approach was designed to block their aspirations for independence indefinitely. Moreover, they claimed that the Constitutional Framework does not give them enough authority to achieve the benchmarks, especially in the area of law and order.

Some experts expressed skepticism about the feasibility of the international community's approach that postponed clarification of the final status issue to an indefinite future. They believed that it is unrealistic to try to ignore the clearly expressed desire of the overwhelming majority of the population of Kosovo on the issue that they see, rightly or wrongly, as most important to them. Some also believed that the uncertainty created by postponing the resolution of this issue had a negative impact on Kosovo's political and economic stability. Indeed, some Kosovars claimed that continued uncertainty over Kosovo's ultimate future had a negative impact on such issues as rule of law, privatization and attracting foreign investment. Moreover, they argued that the international community, with growing preoccupation with global terrorism and other challenges, should move forward on the issue of a final settlement in order to begin to wind down the international peacekeeping mission in Kosovo.

In November 2003, then-U.S. Under Secretary of State Marc Grossman announced, with the support of the other members of the international Contact Group, a formal review in mid-2005 on Kosovo's progress toward meeting the standards. If the Contact Group, the U.N. Security Council and other interested parties judged that progress was "sufficient," a process to determine the province's status could begin. UNMIK released a highly detailed "Standards Implementation Plan" on March 31, 2004.

⁴ See also CRS Report RS21721, *Kosovo's Future Status and U.S. Policy*, by Steven Woehrel.

The events of March 2004 led some to question the accepted standards policy, as well as prospects for the peaceful coexistence of Kosovo's majority ethnic Albanian and minority Serb populations. The Serbian government and parliament developed a plan to decentralize Kosovo and give the Serb minority self-governing autonomy. In July, a U.N. assessment team led by Norwegian diplomat Kai Eide recommended that the lengthy list of standards be replaced with a "dynamic, priority-based standards policy" to pave the way for status discussions and future European integration. However, U.N. Secretary-General Annan and UNMIK chief Soren Jessen-Petersen defended the standards policy, while identifying urgent priority standards relating to security and minority rights. They and other international officials note that standards implementation will remain important for Kosovo's development even after a status settlement is reached.

International Process on Status

In 2005, the international community established a "roadmap" toward Kosovo's future status. On May 27, the U.N. Security Council reviewed a quarterly report on UNMIK by the U.N. Secretary-General. On the basis of this report, Annan sanctioned the launch of the comprehensive review of the Kosovo standards for the summer. In June 2005, he appointed Norwegian diplomat Kai Eide to lead the review. After several trips to the region, Ambassador Eide submitted his comprehensive review to Annan. On October 24, 2005, the U.N. Security Council endorsed the recommendation of U.N. Secretary-General Kofi Annan to launch a political process to determine Kosovo's disputed status. On November 1, Annan announced his intention to name former Finnish President Martti Ahtisaari to be his U.N. Special Envoy to lead the international process. Ahtisaari began his mission with visits to Kosovo and Serbia in late November 2005. He said that he hoped that the two sides would agree to face-to-face talks in early 2006. He stressed that there was no deadline set for the completion of the negotiations.

In January 2006, the international Contact Group released a statement on the future of Kosovo. It ruled out a return of Kosovo to full Serbian control as well as any partition of Kosovo or any union of Kosovo with any country or part of another country. The statement stressed that "effective provisions for the decentralization of the Kosovo government will be crucial to the status settlement." The Contact Group also said the settlement needs to address such issues as "freedom of movement, transparent and constructive links between local communities in Serbia and Kosovo, mechanisms for resolving the fate of missing persons and a specific package of measures for protection of religious communities and sites." The Contact Group added that arrangements for good relations between Serbia and Kosovo, and within the region, had to be a part of a status settlement. The Contact Group stressed that "all possible efforts should be made to achieve a negotiated settlement in the course of 2006."⁵

The status talks began in Vienna in February 2006. The initial rounds of the negotiations dealt with so-called "technical issues" that are meant to prepare the way

⁵ "Statement by the Contact Group on the Future of Kosovo," January 31, 2006, website of the U.S. Office in Kosovo, [<http://pristina.usmission.gov/>].

for tackling the determination of future status. These include protecting cultural and religious sites, financial issues such as deciding Kosovo's share of Serbia's debts, the redrawing of the borders of Kosovo's municipalities, and the decentralization of Kosovo's government. Ahtisaari and his deputies have refrained from making specific proposals, instead permitting the Serbian and Kosovar delegations to put forth and discuss their own views. The positions of the two sides are far apart on most issues, and little movement toward compromise solutions has been seen thus far.

Perhaps the most important issue dealt with so far in the talks has been the decentralization of Kosovo's government, an issue that includes possible solutions to the divided northern city of Mitrovica, a key potential flashpoint. Serbs have proposed the creation of a large number of Serb-majority municipalities within Kosovo, based on the Serb population of Kosovo before most Serbs fled the province in 1999 and on the location of Serbian cultural and religious monuments. The Serbs also sought the division of the northern city of Mitrovica, separating its Serb-majority part north of the Ibar River from the ethnic Albanian-dominated southern part. These municipalities would be controlled by local Serb authorities, with their own police, and would be closely linked with each other and with Serbia. In contrast, the Kosovar Albanians have offered to permit the creation of only a handful of Serb municipalities, based on Kosovo's current Serbian population, and have demanded that Mitrovica be at least nominally united.⁶

On July 24, 2006, Kosovo President Fatmir Sejdiu and Prime Minister Agim Ceku met with their Serbian counterparts Boris Tadic and Vojislav Kostunica to discuss the status issue, in the first direct meeting between the two sides at this level. Both sides reiterated their long-stated views on status, and little progress toward a compromise was reached. Ahtisaari has called the positions of the two sides "as far apart as possible." Some sources say that Ahtisaari intends to present a draft status settlement to the Security Council by the fall of 2006.⁷

The U.N. Security Council is expected to endorse any agreement on Kosovo, as well as authorize possible future international missions to secure the settlement. However, talks within the Security Council on status could be difficult if no compromise agreement between the two sides is reached, as appears likely. Russian officials have objected to setting deadlines for a settlement. China, although less vocal, has expressed similar concerns. Ahtisaari has conceded that if the talks "go a bit over to the next year, then we have to live with that."⁸ Russian officials have also warned that if Kosovo is permitted to become independent, it would set a precedent for breakaway regions in the former Soviet Union.⁹ Moscow has supported the de facto autonomy of statelets within Georgia, Moldova and Azerbaijan but has

⁶ Reuters news agency dispatch, May 4, 2006.

⁷ Reuters news service dispatch, July 17, 2006; discussions with U.S. and European officials, July 2006.

⁸ Agence France Presse news service dispatch, May 17, 2006.

⁹ Mayak Radio interview with Russian Deputy Foreign Minister Grigory Karasin, June 24, 2006, as translated by BBC Monitoring.

refrained from granting them diplomatic recognition as independent states. U.S. officials have rejected the Russian view, saying that the outcome in Kosovo would not have any relevance to other parts of the world.

Observers note that any status settlement that emerges from the talks may not in fact be “final.” In his 2005 report, Eide avoided the term “final” and talked only of Kosovo’s “future” status. Kosovo’s status could comprise only part of a larger road-map for integrating Kosovo and the rest of the region into international structures, especially the EU. This will likely involve a phased process lasting well beyond the anticipated status talks.

Ethnic Albanian Views

It is the position of virtually the entire ethnic Albanian community in Kosovo that the independence of Kosovo is non-negotiable. Therefore, Kosovar leaders oppose direct negotiations with Belgrade, favoring only talks with the international community on the terms under which Kosovo’s independence is to be recognized. In October 2005, former Kosovo Prime Minister Bajram Kosumi warned against “any conditions or new interim phases” to Kosovo’s independence. He said that he expected that an international “observation or advisory” mission in Kosovo could serve as “a psychological and practical guarantee for ethnic groups that their rights are observed” but that “Kosovo must be an independent and sovereign state.”¹⁰

The opening of status talks in 2006 has spurred some tensions within the ethnic Albanian community. There was jockeying for advantage among the leading parties in Kosovo over the composition of the negotiating team for the talks, perhaps signaling a struggle between the Liberal Democratic Party of Kosovo (LDK) and the main opposition party, the Democratic Party of Kosovo (PDK) and other parties over who should get credit for what they see as Kosovo’s impending independence. Such a situation may be a factor limiting Kosovar flexibility at the talks. In addition, small groups outside of the parliament with grass-roots support have condemned efforts to compromise on independence or to place any conditions on Kosovo. In 2005, an alleged spokesman for the “Kosovo Independence Army” warned that it would kill any ethnic Albanian leader who betrayed Kosovo during the talks. Kosovo leaders, UNMIK, and KFOR have dismissed the group as a small band of “criminals” without public support and said they would ensure that no such “armies” were permitted to operate in Kosovo.¹¹

Serbian Views

The Serbian government, as well as Kosovo’s Serbian community, are strongly opposed to Kosovo’s independence. The Serbian government position, stated by Prime Minister Vojislav Kostunica on October 24 to the U.N. Security Council, is

¹⁰ “Kosovo PM Wants Full Independence After U.N. Talks,” Reuters news agency, October 24, 2005.

¹¹ “UNMIK Police Vow to Go After Kosovo Guerrillas,” October 19, 2005, KosovoLive news agency.

that Kosovo must never become independent, as this would be an illegal “dismemberment” of a democratic country. This view is backed by an all-party consensus in the Serbian parliament. Serbian leaders have encapsulated their broad position on status with the phrase “more than autonomy, but less than independence” and have expressed willingness to discuss any aspect of Kosovar self-rule except for full independence. Kosovo Serbs are participating in the talks as part of the Serbian delegation.

Some observers have speculated that Serbia’s hard-line stance may be an opening move in an effort to secure a partition of Kosovo, with northern Kosovo formally becoming part of Serbia and the rest becoming independent. However, the United States and other members of the Contact Group have ruled out a partition of Kosovo. Serbian leaders may also seek or be offered other forms of compensation, such as easier terms for NATO and EU membership, or at least increased aid from these institutions and their member countries. However, Serbian experts realize that such concessions, even if offered by the international community, may lack credibility due to “enlargement fatigue” in many European countries, among other factors.¹²

Serbian officials warn that the current political situation in Serbia may make any public concessions on its part difficult. Kostunica’s government holds a narrow and unstable majority in parliament and new elections are possible later this year or early next year. Kostunica’s main opponent among democratic, largely pro-Western parties is the Democratic Party, headed by Serbian President Boris Tadic. Although widely considered the most pro-Western leader in Serbia, Tadic has endorsed the government’s tough position for the talks, perhaps feeling that he cannot politically afford to appear “soft on Kosovo.” Perhaps preparing a political “exit strategy,” Tadic has warned Serbs that, due to Milosevic’s negative legacy, a solution on Kosovo may be imposed on Serbia against its will. In addition to the rivalry between Kostunica and Tadic, both men may be concerned about the ultranationalist Radical Party, which is the largest single party in the Serbian parliament. If there is a nationalist backlash against a Kosovo settlement, the Radical Party is expected to benefit in the elections, perhaps even take power. In August 2006, Kostunica said that Serbia would never recognize Kosovo’s independence, even if such a stand would hinder its integration into the European Union. On the other hand, Kostunica has criticized statements by Radical Party leaders raising the possibility of armed resistance if Kosovo’s independence is recognized.

Serbia could attempt to destabilize the situation on the ground in Kosovo if independence is imposed. Belgrade has already discouraged the participation of Kosovo Serbs in the Kosovo central government and UNMIK. In June 2006, local Serb authorities in northern Kosovo announced they were cutting ties to UNMIK and the Kosovo government, due to violence against Serbs, and called for the deployment of police from Serbia to their region. Some analysts fear that Serbia could unilaterally attempt to partition northern Kosovo or encourage Serbs to leave Kosovo in large numbers. KFOR has reopened a base in northern Kosovo, perhaps to prepare for such contingencies.

¹² Discussions with experts on Serbia, October 2005.

Status Options

There are theoretically several possible options for Kosovo's future status. However, the international community has already ruled out three options: the return of Kosovo to Serbian rule as before 1999; Kosovo's partition; and Kosovo's joining with another country or territory. Besides independence as an outcome, other options may involve some form of complete or near-complete self-government for Kosovo, while retaining some degree of nominal Serbian sovereignty and/or international monitoring or control.

Independence for Kosovo would respond to the political preferences of the overwhelming majority of the province's inhabitants, and all of the ethnic Albanian parties in Kosovo's parliament. However, some observers fear that an independent Kosovo could destabilize the region by encouraging separatist ethnic Albanian forces in Macedonia, as well as areas of southern Serbia where many ethnic Albanians live. Some also fear international support for Kosovar independence could undermine the democratic leadership in Belgrade and strengthen extreme nationalists there. There are also questions about the ability of the Kosovars to effectively run their own affairs in the near future or implement any commitments on minority rights, due to the country's poverty and the immaturity of ethnic Albanian political and social institutions. An effective Kosovo government is particularly important for the issue of dealing with powerful organized crime groups and political extremists in the province.

Although U.S. and European officials have been careful to state publicly that they favor no particular outcome to the talks, press reports have quoted some unnamed diplomats as conceding that independence is all but inevitable.¹³ Independence could be recognized in conjunction with the exclusion of Kosovo's merger with Albania and other ethnic Albanian-inhabited regions of Serbia, Macedonia, and Montenegro in a "greater Albania" and in exchange for guarantees to respect the rights of ethnic minorities in Kosovo and agreement on continued international oversight in this and other areas, such as law enforcement and the judiciary.

If the international community publicly settles on independence as its preferred solution, Serbia could pull out of the talks. International discussions with the Kosovo government could revolve around the conditions and timetable for international recognition, the oversight powers of the international mission, and the extent of decentralization and the borders of Kosovo's municipalities.

¹³ "U.S. Warns Against Violence as Kosovo Talks Loom," Reuters news agency, October 13, 2005.

International Administration

U.N. Security Council Resolution 1244 (June 10, 1999) has formed the basis of the international role in Kosovo since the end of the war. The resolution authorized the deployment of an international security presence in Kosovo, led by NATO, under a mission to ensure the withdrawal of Yugoslav armed forces from Kosovo, the demilitarization of the KLA, and the maintenance of the cease-fire. Resolution 1244 gave the U.N. mission in Kosovo (UNMIK) the chief role in administering Kosovo on a provisional basis. UNMIK's duties have included performing basic civil administration of the province; maintaining law and order, including setting up an international police force and creating local police forces; supporting humanitarian aid efforts; facilitating the return of refugees and displaced persons to their homes; protecting human rights; supporting the reconstruction effort; preparing the way for elections and the creation of self-government institutions; and facilitating a political process to address Kosovo's final status. Resolution 1244 provided for an interim period of autonomy for Kosovo until negotiations on the final status of the province take place. It expressed support for the FRY's territorial integrity.

Bernard Kouchner of France served as the first Special Representative of the U.N. Secretary-General (SRSG) to oversee UNMIK until January 2001. He was replaced by Hans Haekkerup, Denmark's Defense Minister, whose brief term in Kosovo ended in December 2001. Michael Steiner, a German diplomat with extensive experience in the former Yugoslavia, became the third SRSG in early 2002 and completed his term in July 2003. Finnish diplomat Harri Holkeri became the fourth SRSG in August 2003. He stepped down in May 2004, citing health reasons, although some observers speculated that his resignation was also spurred by perceptions that his credibility, as well as that of UNMIK as a whole, had been damaged by the March 2004 riots. Danish diplomat Soren Jessen-Petersen, who had been the EU's Special Representative in Macedonia, became the next SRSG in mid-August. Upon his arrival, he outlined five mission priorities: improving security, prioritizing the standards and accelerating their implementation, transferring more authority to the PISG, protecting minorities, and improving the economy. In June 2006, Jessen-Petersen announced his early departure from UNMIK as of July.

UNMIK initially had a four-pillar structure divided into humanitarian aid, civil administration, democratic institution-building, and reconstruction. UNMIK phased out the humanitarian aid pillar in mid-2000 and added a police and justice pillar in 2001. The United Nations leads the police and justice pillar as well as the one for civil administration; the Organization for Security and Cooperation leads the institution-building pillar; and the European Union leads the reconstruction pillar.

In April 2002, then UNMIK chief Steiner offered a "vision on how to finish our job," or an "exit strategy" for the international mission. He outlined a "standards before status" approach that included a series of benchmarks for Kosovo's institutions and society that should be achieved before addressing Kosovo's final status.

The benchmarks are

- the existence of effective, representative and functioning institutions;
- rule of law;
- freedom of movement;
- sustainable returns and reintegration;
- development of a sound basis for a market economy;
- clarity of property rights;
- normalized dialogue with Belgrade;
- reduction and transformation of the Kosovo Protection Corps in line with its mandate.¹⁴

The international community endorsed the “standards before status” approach. However, even as UNMIK downsized and transferred a greater number of administrative competencies to Kosovo’s self-governing institutions, it became clear to most observers that UNMIK’s ability to “finish the job” would ultimately depend on a resolution to the question of Kosovo’s final status. The standards before status approach gained new impetus in late 2003 with the Contact Group initiative, with U.N. Security Council approval, to elaborate on and “operationalize” the Standards for Kosovo and review their implementation by mid-2005.¹⁵ In December 2003, UNMIK and the Kosovo provisional government established five joint working groups on implementing the standards. The Kosovo Serb community did not agree to participate in the working groups. Nevertheless, on March 31, 2004, UNMIK chief Holkeri unveiled the Kosovo Standards Implementation Plan (KSIP), a detailed road map for realizing the Kosovo Standards.

In a presidential statement, the U.N. Security Council strongly condemned the March 2004 inter-ethnic violence in Kosovo and attacks on KFOR and U.N. personnel. In view of the March events and the need to rebuild inter-ethnic cooperation, the U.N. Security Council called for urgent steps on two of the standards: sustainable returns and freedom of movement.¹⁶ In the aftermath of the attacks, some Serbian and European officials called for changes to the U.N. mission’s mandate in order to improve security conditions in Kosovo. Some major non-governmental organizations, including Human Rights Watch and Amnesty International, strongly criticized the performance of U.N. agencies and NATO operations in Kosovo for failing to protect minority communities. As outlined earlier, a U.N. team headed by Kai Eide reviewed the U.N. Mission and called for a range of policy and institutional changes to provide greater clarity and focus to the U.N. mission and future direction of the province. Eide also said that “serious exploratory discussions” on future status should begin as early as 2004 and that final status negotiations should take place by mid-2005, with the participation of the Kosovo government and Belgrade. He called for the transfer of more powers from

¹⁴ Address to the Security Council by Michael Steiner, Special Representative of the Secretary-General, UNMIK/PR/719, April 24, 2002.

¹⁵ The published text of the standards can be found at [<http://www.unmikonline.org/press/2003/pressr/pr1078.pdf>]. See also U.N. Security Council Presidential Statement, S/PRST/2003/26, December 12, 2003.

¹⁶ U.N. Security Council President Statement, S/PRST/2004/13, April 30, 2004.

UNMIK to the Kosovo government, with the aim of terminating the U.N. mission after final status negotiations begin. He recommended that the European Union take over as lead international agency in Kosovo. The Secretary-General endorsed some of Eide's recommendations, especially on the priority standards, but not all of them.

The current U.N. presence in Kosovo is projected to terminate by the conclusion of status negotiations. In his comprehensive review of the standards, Eide noted that the U.N.'s leverage in Kosovo was diminishing. Among other factors, UNMIK's reputation has suffered from numerous scandals and charges of corruption involving U.N. officials. As status negotiations get under way, UNMIK will continue efforts to promote the standards implementation process and prepare the groundwork for a transition to Kosovo's future status. According to UNMIK Chief Soren Jessen-Petersen, UNMIK's work for the remainder of its term will focus on six priority areas: further implementation of the standards, especially freedom of movement and returns; reform of local government structures; progress in promoting a comprehensive security agenda, including the transfer of competencies from UNMIK to Kosovo's governing institutions in the area of rule of law, justice, and police; capacity-building with Kosovo's institutions; restructuring of UNMIK leading to a phased transition to eventual future status arrangements; and maintenance of a secure environment throughout Kosovo. In a report to the Security Council in June 2006, Annan reported a degree of revitalization of the standards process in recent months, largely as a result of a vigorous outreach campaign by Kosovo's leaders. At the same time, the report noted that an unwillingness by Kosovo's Serbs to engage with the Kosovar government, in part at the behest of Belgrade, has limited progress on the priority standards.¹⁷

Following the conclusion of UNMIK's mandate with a status resolution in Kosovo, the European Union is looking to stand up some form of international presence, although it is not expected to formally succeed UNMIK. EU officials and leaders are currently examining the EU's future role in Kosovo and preparations for an EU presence on the ground. European leaders have pledged to stand ready "to enhance its role in Kosovo following a status determination, in particular in the areas of police, rule of law, and the economy."¹⁸

KFOR¹⁹

KFOR's mission, in accordance with UNSC 1244, is to monitor, verify, and enforce the provisions of the Military Technical Agreement and the KLA demilitarization agreement. KFOR is also charged with establishing and maintaining a secure environment in Kosovo to facilitate the return of refugees, the delivery of humanitarian aid, and the operation of the international civilian administration. KFOR has actively supported UNMIK's activities, including efforts to meet benchmarks of progress and to transfer increased responsibilities, especially related

¹⁷ Report of the Secretary-General on the U.N. Interim Administration Mission in Kosovo, S/2006/361, June 5, 2006.

¹⁸ European Council Presidency Conclusions, June 15/16, 2006.

¹⁹ For more information, refer to the KFOR website at [<http://www.nato.int/kfor>].

to law enforcement, to Kosovo's interim civil authorities. Resolution 1244 includes a provision that says KFOR is to oversee the return of "hundreds, not thousands" of Yugoslav troops to Kosovo to liaise with the international presence, mark minefields, provide a "presence" at Serb historical monuments and "key border crossings." To date, no troops from Serbia and Montenegro have returned to Kosovo for these purposes, although in March 2001, NATO approved the phased return of Serbia and Montenegro forces to the formerly demilitarized buffer zone between Kosovo and the rest of Serbia.

In response to the sudden and widespread ethnic Albanian attacks on Serb enclaves in March 2004, NATO swiftly made available an additional 3,000 NATO reserve forces to the former KFOR Commander, Lt. General Holger Kammerhoff. The performance of KFOR units during the violence varied widely. In the aftermath of the March incidents, NATO conducted a "lessons learned" study to evaluate KFOR's performance and identify areas for improvement. The study's recommendations reportedly included the removal of national restrictions, or caveats, on COMKFOR's ability to deploy KFOR troops; improved training and equipment; improved intelligence capabilities in order to anticipate events such as in March; and measures to maximize KFOR force presence in patrols. KFOR also created a Security Advisory Group with UNMIK and local Kosovar representatives to improve communication and coordination on security matters.

NATO reviews KFOR's mission every six months and periodically considers plans to adjust force structure, reduce force levels, and eventually to withdraw from Kosovo. KFOR's force strength has been steadily reduced from its peak in 1999 of nearly 50,000. On the basis of its mid-2003 mission review and reflecting KFOR's assessment that the overall security situation remained stable, NATO agreed to continue to "regionalize and rationalize" KFOR's force structure and size, including a reduction in strength to about 17,500. Since December 2003, however, NATO members have agreed that a large NATO presence in Kosovo remains necessary and have maintained KFOR strength at about 16,000-17,000, with additional reinforcement brought in as necessary. The U.S. share of KFOR remains below 15% of the total and currently numbers about 1,700 troops.

In 2005, the former NATO SACEUR, General Jones, proposed adjustments to KFOR's structure to improve mobility and flexibility. The adjustments involve streamlining the force into a task force structure that provides greater efficiency and eliminate the need for redundant support and logistics units. KFOR has also been preparing for possible security challenges as status negotiations on Kosovo are set to begin. KFOR and U.N. officials have acknowledged that they were actively monitoring the activities of "armed, criminal" ethnic Albanian groups that may be seeking to destabilize the province or disrupt the status negotiation process. KFOR recently re-opened a base in northern Kosovo to boost security in that volatile sector.

NATO's possible role in securing a post-status settlement in Kosovo has yet to be settled, although most observers expect some form of a NATO-run mission to continue. In his 2005 report, Ambassador Eide strongly recommended an ongoing NATO, including a U.S., presence in Kosovo. Eventually, some observers expect that the European Union could take over from Kosovo peacekeeping duties from NATO. The timing of such a transfer is unclear — and will likely depend on the

outcome of status negotiations — but may follow earlier examples of NATO military cooperation with the EU and transfer of operations in Bosnia and Macedonia.

Institution-Building

Under the 2001 Constitutional Framework for Provisional Self-Government, Kosovo is governed by a combination of international administration and provisional institutions of self-government. UNMIK has retained ultimate executive authority over the Kosovo provisional institutions, including veto power, and exclusive authority in some areas, so-called Article VIII reserved powers. These reserved responsibilities included justice, minority rights protection, customs, monetary policy, the budget, and authority over the Kosovo Protection Corps, among others. Non-reserved responsibilities, which are listed in Article V of the framework, have gradually been transferred from UNMIK to the Kosovo provisional government. On December 30, 2003, former UNMIK chief Holkeri announced that the transfer of all relevant competencies had been completed. After the March 2004 violence, UNMIK moved to devolve further competencies to the PISG, especially in the economic sphere. Most recently, UNMIK has moved to transfer authority to the PISG in the police and judiciary.

UNMIK officials have lauded the development of Kosovo's provisional institutions, but emphasize that further progress needs to be made before Kosovo can meet the standard of having functioning democratic and representative institutions. Priority topics in this area include the activities and rules of procedures of the Kosovo Assembly, minority representation in PISG institutions, media reforms, and the continued existence of parallel structures in Kosovo Serb enclaves. The smooth transition in leadership following the death of President Rugova and resignation of Prime Minister Kosumi in early 2006 was noted as an achievement of Kosovo's democratic institutions. Minority representation in government remains a key challenge.

A prominent responsibility reserved by UNMIK is the Kosovo Protection Corps (KPC), a civilian emergency response force. UNMIK developed the KPC as a means to "civilianize" former members of the Kosovo Liberation Army. However, KPC leaders frequently refer to their organization as the basis for a future Kosovo military force. The transformation of the KPC is one of the Kosovo standards. The authorized strength of the KPC is 3,052 active members and 2,000 reserved. Its current strength is 3,038 active members (June 2006). Minority representation in the KPC comprises about 6.7% of the total, an increase over recent months.

A major area of focus in institution-building has been in the area of local government reform. The goal of decentralization is to restructure governing authority to the most local level for the benefit of all citizens, but especially to address the interests and concerns of minority communities. Secretary-General Annan has called for all communities to unite to achieve this important goal, while recognizing ongoing controversies on this topic. Pilot projects in five municipalities were designated to be implemented in 2005, but disagreements between the UNMIK/PISG and the Kosovo Serb side held up further progress. The disagreements appear to reflect divergent goals of the decentralization process, with the Serb side emphasizing the need for local Serbs to control their own affairs and the Kosovar

Albanian side seeking to avoid the creation of mono-ethnic zones. Since early 2006, the decentralization effort has largely become subsumed into the Ahtisaari-led technical talks in Vienna.

Rule of Law

Until the March 2004 outbreak of inter-ethnic violence, rates of serious or deadly criminal incidents in Kosovo had been dropping year-by-year, according to international reporting, although some serious incidents continued to occur. The spate of violent attacks against Kosovo Serbs during the summer of 2003 and in March 2004 prompted UNMIK and KFOR to take additional measures to improve security for minority communities, beginning with bringing to justice those responsible for such attacks. However, in 2005 Ambassador Eide noted that the law enforcement record was weak for serious inter-ethnic crimes. He also named organized crime and corruption as serious threats to stability in Kosovo.

International judicial panels, established by UNMIK in early 2000, have considered some serious criminal cases relating to war crimes and terrorist acts.²⁰ In July 2003, a Kosovo district court found four former KLA members guilty of war crimes and sentenced them to prison terms ranging from five to 15 years. The ruling was the first conviction of Kosovo Albanians for war crimes since the end of 1999 war. Local judicial bodies now deal with all civil and most criminal cases. Minority representatives constitute about 10% of judges and prosecutors. Parallel judicial structures supported by Belgrade continue to exist in Serbian-majority municipalities. The March 2004 events set back inter-ethnic cooperation on judicial development, especially in minority recruitment.

Policing in Kosovo has been a shared responsibility between international and local Kosovo police forces, but competency over policing was recently transferred to the Kosovo government. The Kosovo Police Service (KPS) has gradually assumed greater responsibility for policing duties. UNMIK retains overall authority over Kosovo's law enforcement institutions. The international UNMIK police force currently comprises over 2,100 officers from nearly 50 countries. The U.N. police presence has decreased as local police forces have grown and developed. Under its institution-building pillar headed by the OSCE, UNMIK opened a training academy for the KPS in August 1999. By mid-2006, the number of KPS uniformed personnel that had completed basic police training numbered over 6,800. Minority participation in KPS has reached about 15.5%. In addition to the KPS, a Kosovo Correctional Service has grown to a staff of over 1,400 personnel. UNMIK police have gradually shifted greater responsibilities to the KPS as its ranks and capabilities have grown. International officials have noted that freedom of movement for minority communities has improved in recent months but remains difficult in some parts of the province, especially for the Kosovo Serb minority. Ambassador Eide called Kosovo's police and judiciary "weak and fragile" institutions that still require substantial international supervision.

²⁰ The U.N.'s insertion of international judges and prosecutors within the local justice system in Kosovo was unprecedented. See Michael E. Hartmann, "International judges and prosecutors in Kosovo," U.S. Institute of Peace Special Report No. 112, October 2003.

Economy

Kosovo's economic situation has improved since the end of the 1999 war, largely as a result of substantial international reconstruction aid inflows, but remains underdeveloped. In particular, unemployment, estimated at 60%-70% of the population, is a primary concern. Other prominent problems affecting the economy have included the operation of public utilities, especially electricity, smuggling, and other organized criminal activity. Foreign donor support and remittances from Albanians abroad comprise the strongest economic growth engines in Kosovo and helped to fuel strong but waning GDP growth in the immediate postwar years.

International efforts are also focused on privatization and fostering private sector growth, as well as creating a legal framework for a self-sustaining economy and strengthening the financial sector. Among other things, these efforts have led to improvements in budget revenue collection through internal taxation and customs income. In April 2002, former UNMIK chief Steiner announced the creation of a Kosovo Trust Agency to manage and oversee the process of privatization in order to spur job creation and attract investment. In May 2003, the Kosovo Trust Agency announced its first tenders for the privatization of socially-owned enterprises, and additional rounds of tenders have followed. However, the KTA frequently suspended the privatization process because of legal complications with Serbia on the status of Kosovo enterprises and disputes with the provisional governing institutions in Kosovo.

UNMIK and the PISG made some progress in the economic sphere in 2005. A fiscally disciplined consolidated budget for 2005 was finalized. The stalled privatization process moved forward, although property disputes remain a problem.²¹ A Kosovo Property Agency was established to assist Kosovo's courts with property claims. Economic institutions were strengthened, and agreements were made with some international lending institutions such as the European Bank for Reconstruction and Development and the European Investment Bank, which could lead to access to international loans. Despite these areas of progress, UNMIK Chief Jessen-Petersen recently assessed that "there will be no real overall progress [in economic development] until the status issue is resolved." He also warned that Kosovo's poor economic conditions and prospects could spark social instability at any moment.²² Ambassador Eide's review report stated that Kosovo's economic situation faced "serious short-term problems, but also positive longer-term prospects."

Returns

The vast majority of ethnic Albanian refugees and displaced persons from the conflict returned to Kosovo with remarkable speed after June 1999. However, as ethnic Albanian refugees returned to Kosovo, large numbers of ethnic Serbs and Roma (Gypsies) left the province, mainly for Serbia and Montenegro. UNHCR

²¹ See Eric Jansson, "Kosovo Drive to Privatize Opens up a Can of Worms," *Financial Times*, August 11, 2005.

²² SRSG address to the United Nations, UNMIK/PR/1366, May 27, 2005.

estimated that over 200,000 Serbs and Roma left Kosovo after the end of the NATO air strikes in June 1999.²³ Since 2000, a little over 14,500 displaced minorities (45% of whom are Kosovo Serbs) have returned to Kosovo, and mostly to ethnic enclaves with minimal contact with Kosovo Albanians. The security situation and freedom of movement for returnees remains precarious, and the different ethnic communities remain largely unintegrated. Some who had returned to the province have subsequently left again. In particular, the violent incidents in March 2004 against ethnic Serb communities, in which more than 4,000 minorities were forced from their homes, dealt a severe blow to the returns process. UNMIK has worked in recent years to establish a comprehensive framework to support returns and continues to support the principle that all refugees and displaced persons have the right to return to their homes. It is expected that the outcome of the future status talks will bear a major impact on the prospects for sustainable returns.

An estimated 3,000 persons from all sides in the conflict remain missing. The topic of missing persons is one of the subjects being discussed in the UNMIK-led dialogue talks between Pristina and Belgrade.

U.S. Policy

From the beginning of the conflict in Kosovo in the late 1990s, the Clinton Administration condemned Serbian human rights abuses and called for autonomy for Kosovo within Yugoslavia, while opposing independence. The Clinton Administration pushed for air strikes against Yugoslavia when Belgrade rejected the Rambouillet accords in March 1999, but refused to consider the use of ground troops to eject Yugoslav forces from Kosovo. However, even before the air strikes, the Clinton Administration said that U.S. troops would participate in a Kosovo peacekeeping force if a peace agreement were reached. After the conflict, President Clinton said that the U.S. and NATO troop commitment to Kosovo could be reduced as local autonomous institutions took hold. He said that the United States and the European Union must work together to rebuild Kosovo and the region, but that “Europe must provide most of the resources.”²⁴

During the 2000 Presidential campaign, Condoleezza Rice, later appointed by President-elect Bush as his National Security Advisor, said that U.S. military forces were overextended globally, and that peacekeeping responsibilities in the Balkans should be taken over by U.S. allies in Europe. However, after taking office, the Administration appeared to adopt a more cautious tone. In February 2001, former Secretary of State Colin Powell said that the United States had a commitment to peace in the Balkans and that NATO forces would have to remain in Bosnia and Kosovo for “years.” He said the United States would review U.S. troop levels in Bosnia and Kosovo with the objective of reducing them over time, but stressed that

²³ Persons (both ethnic Albanian and Serb) who have fled their homes in Kosovo are considered refugees if located outside of Serbia and Montenegro, and internally displaced if they remain in Kosovo or elsewhere in Serbia or Montenegro.

²⁴ See also CRS Report RL30374, *Kosovo: Lessons Learned from Operation Allied Force*, by Paul E. Gallis, coordinator.

the United States would act in consultation with its allies and was not “cutting and running.”

During a July 24, 2001, visit to U.S. troops in Kosovo, President Bush reiterated this position, saying that

we will not draw down our forces in Bosnia or Kosovo precipitously or unilaterally. We came in together, and we will go out together. But our goal is to hasten the day when peace is self-sustaining, when local, democratically elected authorities can assume full responsibility, and when NATO’s forces can go home. This means that we must re-organize and re-energize our efforts to build civil institutions and promote rule of law. It also means that we must step up our efforts to transfer responsibilities for public security from combat forces to specialized units, international police, and ultimately local authorities. NATO’s commitment to the peace of this region is enduring, but the stationing of our forces here should not be indefinite.

The September 11, 2001, terrorist attacks in the United States (including the deployment of U.S. troops to Afghanistan) and the conflict in Iraq reinforced the Administration’s desire to decrease the U.S. deployment in the Balkans. The number of troops in KFOR has declined from about 38,000 in June 2002 to under 17,000 today, with the U.S. contingent falling from 5,500 to 1,700. Although NATO has agreed to terminate its Stabilization Force in Bosnia and turn over peacekeeping duties to the EU, no such changes have been agreed to for Kosovo, reflecting the more precarious security situation in Kosovo.

The Bush Administration supported the “standards before status” policy favored by UNMIK beginning in 2002. This approach called for the autonomous Kosovo government to achieve a number of benchmarks (including progress toward creating a functioning democratic government, free market economy, the rule of law and respect for ethnic minorities) before the issue of Kosovo’s status is discussed. In November 2003, the Bush Administration launched an initiative to give greater impetus to the “standards before status” policy. Former Undersecretary of State for Political Affairs Marc Grossman, backed by other members of the Contact Group, announced a “review date” strategy for the Kosovo standards that will lead to an evaluation of the standards for Kosovo by mid-2005. Should Kosovo meet the standards, he said that the international community would be prepared “to begin a process to determine Kosovo’s future status.” He also said that “all options are on the table,” but that the United States would not take a position on final status at this time.²⁵

On March 17, 2004, the State Department issued a statement strongly deploring the incidents of serious violence in Kosovo and calling for the restoration of calm and order and cooperation with international agencies. Since that event, senior U.S.

²⁵ “UNMIK Press Conference,” November 5, 2003. Transcript available on the State Department website in hypertext (html) at [<http://www.state.gov/p/26032.htm>] or in pdf (printer-friendly format) from the U.N. at [<http://www.unmikonline.org/press/2003/trans/tr051103.pdf>].

officials continued to emphasize the standards and review date strategy, while giving particular emphasis to the priority standards relating to the treatment of ethnic minorities in Kosovo.

In May 2005, the second Bush Administration announced a new phase in U.S. policy in the Balkans. Emphasizing the need to “finish the work” in the region, Undersecretary of State for Political Affairs Nicholas Burns testified before Congress that the status quo of Kosovo’s unresolved status was no longer sustainable or desirable. He expressed U.S. support for the standards review timetable in 2005, possibly leading to status negotiations later in the year. He said that a settlement could be expected to be achieved by the end of 2006 and that the United States would remain an active partner in Kosovo.

According to Burns, Kosovo’s final status is to be based on or incorporate the following principles:

- multi-ethnicity with full respect for human rights,
- protection of minorities,
- protection of cultural and religious heritage, and
- effective mechanisms for fighting organized crime.

Burns also discounted Kosovo’s return to a pre-1999 status or its geographic division or extension.²⁶ On November 3, the State Department spokesman stated that the U.S. goal was for the process to reach “an agreement through negotiation and compromise that will provide the people of Kosovo and their neighbors with a secure and democratic future, and that Kosovo’s future status must aid in stabilizing the region while advancing the region’s Euro-Atlantic integration.”

As a possible reinforcement of the U.N.-led talks on Kosovo’s status in Vienna, Secretary of State Rice has met with both Kosovar and Serbian leaders in Washington, DC, in 2006. She met with Kosovo President Sejdiu and Prime Minister Ceku in June and with Serbian Prime Minister Vojislav Kostunica in July 2006. She reportedly called for all sides to show flexibility in the negotiation process.

According to the Department of Defense Comptroller’s Office, DOD incremental costs for Kosovo through FY2005 (estimated) were \$9.1 billion. This figure included \$1.89 billion for the 1999 NATO air war, \$7.0 billion for KFOR, and \$141.6 million in refugee aid.²⁷ From FY1999-FY2001, the United States obligated \$425.8 million in bilateral aid to Kosovo.²⁸ Since then the United States provided: \$118 million to Kosovo in FY2002, \$85 million in FY2003, \$79 million in FY2004,

²⁶ Statement before the House International Relations Committee, May 18, 2005. “Kosovo: Current and Future Status.”

²⁷ See CRS Report RL33557, *Peacekeeping and Related Stability Operations: Issues of U.S. Military Involvement*, by Nina M. Serafino.

²⁸ U.S. Agency for International Development, *Overseas Loans and Grants*, July 31, 1945-September 30, 2001, p. 184.

\$83 million for FY2005, and \$74 million in FY2006. The Administration's FY2007 request included \$79 million for Kosovo.

Congressional Response

In 1999, the 106th Congress debated whether U.S. and NATO air strikes in Kosovo were in the U.S. national interest, and whether the President could undertake them without congressional approval. In the end, Congress neither explicitly approved nor blocked the air strikes, but appropriated funds for the air campaign and the U.S. peacekeeping deployment in Kosovo after the fact. In 2000, some Members unsuccessfully attempted to condition the U.S. military deployment in Kosovo on Congressional approval and on the implementation of aid pledges made by European countries. Many Members of Congress said that they expected U.S. allies in Europe to contribute the lion's share of aid to the region and expressed concern that European countries were slow to implement their aid pledges. Congress moved to limit U.S. aid to Kosovo to 15% of the total amount pledged by all countries.²⁹

The 107th Congress focused on limiting the cost of the continuing U.S. engagement in Kosovo. The FY2002 foreign aid appropriations law (P.L. 107-115) provides \$621 million in aid for central and eastern Europe under the Support for East European Democracy (SEED) program, but no earmark for Kosovo. The bill says that aid to Kosovo "should not exceed 15 percent of the total resources pledged by all donors for calendar year 2002 for assistance for Kosovo as of March 31, 2002." The bill also bars U.S. aid for "large scale physical infrastructure reconstruction" in Kosovo. The FY2002 defense authorization law (P.L. 107-107) limited funding for U.S. peacekeeping troops to \$1.5286 billion. The President may waive this provision if he certifies that the waiver is in the national security interest of the United States and that it will not adversely affect the readiness of U.S. forces. The President must submit a report on these issues as well as a supplemental appropriations request.

In FY2003 foreign operations appropriations legislation (P.L. 108-007), Congress provided \$525 million in SEED aid, with no earmark for Kosovo. Congress also included the 15% aid ceiling and restriction on large-scale infrastructure projects as it had in previous years. The bill says \$1 million "should" be provided for training programs for Kosovar women. The FY2004 foreign operations bill, included as part of an omnibus appropriations measure (P.L. 108-199), earmarked \$79 million for Kosovo. It added that says \$1 million "should" be provided for "a program to promote greater understanding and interaction among youth in Albania, Kosovo, Montenegro and Macedonia." An FY2005 omnibus appropriations act (P.L. 108-447) contained no earmark for Kosovo, but the conference report allocated \$75 million for Kosovo in SEED funding. The conference report for the FY2006 foreign operations appropriations bill (P.L. 109-265) also allocated \$75 million in SEED money for Kosovo. The report of the House version of the FY2007 foreign operations appropriations bill (H.R. 5522) provides \$77 million in SEED funds for Kosovo, while the Senate version provides \$79

²⁹ For detailed information on the activities of the 106th Congress, see CRS Report RL30729, *Kosovo and the 106th Congress*, by Julie Kim.

million. The Senate bill requests that the State Department provide the committee with a report on Kosovo's specific assistance needs as the status question is resolved as well as the role of other aid donors.

In the 108th Congress, several resolutions were introduced that advocate U.S. support for Kosovo's independence. In the first session, H.Res. 11 and H.Res. 28 were introduced. They expressed the sense of the House that the United States should declare support for Kosovo's independence. H.Res. 11 conditions this support on Kosovo's progress toward democracy, while H.Res. 28 supports independence without prior conditions. S.Res. 144 expresses the sense of the Senate that the United States should support the right of the people of Kosovo to determine their political future once "requisite progress" is made in achieving U.N. benchmarks in developing democratic institutions and human rights protections. On May 21, 2003, the House International Relations Committee held a hearing that dealt with H.Res. 28 and the future of Kosovo. On October 7, 2004, the Committee held a markup session on the bill. After debate on the bill, Chairman Representative Henry Hyde and ranking Democrat Representative Tom Lantos agreed to postpone a vote on the bill until hearings on the issue could be held.

In the wake of the March 2004 violence in Kosovo, several resolutions were introduced to condemn the attacks, as well as subsequent attacks on Islamic sites in Serbia. These included H.Res. 587, introduced by Representative Christopher Smith, and H.Res. 596, introduced by Representative Burton. On April 8, the Senate agreed by unanimous consent to S.Res. 326, introduced by Senator Voinovich. The resolution, a slightly modified companion version of H.Res. 596, strongly condemned the violence; recognized the commitment of Kosovo and Serbian leaders to rebuild what had been destroyed and encourage the return of refugees; called on leaders in Kosovo to renounce violence and build a multi-ethnic society based on the standards for Kosovo; recommended the restructuring of UNMIK; and urged the reinvigoration of dialogue between Kosovo and Belgrade. S.Res. 384, offered by Senator Lugar on June 18, calls on the United States to work with KFOR, UNMIK, and the Kosovo and Serbian governments to implement the Standards for Kosovo.

H.Res. 726, introduced by Representative Doug Bereuter on July 9, praises new Serbian president and former Defense Minister Boris Tadic and the Serbian people for several reasons, including showing "courage, composure, dignity, and wisdom" by not deploying Serbian troops in reaction to the March riots in Kosovo and by working with KFOR to "resolve the crisis."

The 109th Congress has also considered legislation on Kosovo. On January 4, 2005, Representative Lantos introduced H.Res. 24, which expresses the sense of the House that the United States should support Kosovo's independence. On October 7, 2005, the Senate passed S.Res. 237, a resolution supporting efforts to "work toward an agreement on the future status of Kosovo and a plan for transformation in Kosovo." It did not express support for any particular status option. The resolution passed without amendment by unanimous consent. An identical House resolution was introduced on December 17, 2005 (H.Res. 634).

Figure 1. Map of Kosovo



Source: Map Resources. Adapted by CRS. (K.Yancey 4/29/04)